

Statistics in focus

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Author

Péter Szabó

Arcangelo Milella

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EU Agricultural Income -6.6% (real terms) in 2005

According to the first estimates for the Economic Accounts for Agriculture (EAA) submitted to Eurostat by the Member States at the beginning of December 2005, agricultural income per labour unit (Indicator A) ⁽¹⁾ is estimated to have decreased in 2005, by 6.6% in the European Union, following an increase of 7.2% in 2004.

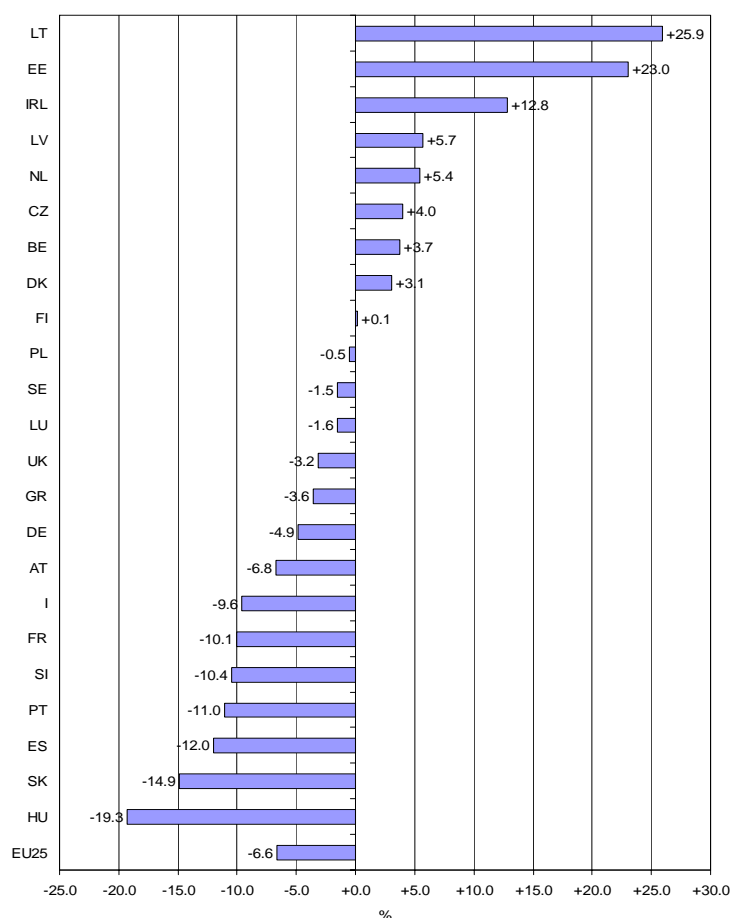


Figure 1: Agricultural Income (Indicator A) in the EU, % 2005/2004

Agricultural income has developed differently in the South and North of the EU (see figure above), with decreases of between -5% and -19% in the South (namely Hungary, Slovakia, Spain, Portugal, Slovenia, France, Italy and Austria) versus increases of more than 5% in the Baltic states, Ireland and the Netherlands, and pronounced changes in the other Member States (between -4.9% in Germany and +4% in the Czech Republic).

¹ Indicator A measures the change of real agricultural factor income (corresponding to the net value added at factor cost) related to the change in total agricultural labour input. If not otherwise stated, all figures refer to EU-25 without Cyprus and Malta. All figures relating to changes in prices and values (and therefore also in the income indicators) are expressed in real terms (i.e. they are deflated by means of the implicit price index of GDP). One labour unit = one full-time job. See methodological notes on page 7 for further information.

Main factors determining the development of income in 2005

Changes in prices, values and indicators are expressed in real terms. In the present analysis, comments on volumes and prices refer to output at producer prices. In contrast, if not otherwise stated, comments on values refer to output at basic prices. The basic price is defined as the price received by the producer, after deduction of all taxes on products but including all subsidies on products.

The value of the agricultural industry's output at basic prices falls by 8.4% in real terms (see Table 3). This fall is due to reductions in the output values of both crop and animal production (-12.2% and -4.5% respectively). In the case of crop production, this reduction reflects a considerable fall in the average output volume (-5.3%). In the case of animal production, most of the reduction can be attributed to lower producer prices of eggs (-9.4%) and poultry (-3.8%).

The value of intermediate consumption of goods and services is reduced by 1.6% in 2005. This reduction is explained by lower intermediate consumption prices (-1.1%) and volumes (-0.5%).

Consumption of fixed capital ("depreciation") is slightly lower (-0.3%) than in 2004. The value of overall subsidies (product specific subsidies and other subsidies on production net of taxes) shows an increase of 0.9%.

As a consequence of these developments, agricultural factor income, the basis of Indicator A, falls by 8.7% compared to 2004. However, with the continuous reduction in agricultural labour input (-2.3%), Indicator A shows a decrease of 6.6%.

The results from a medium-term perspective

For the EU-25, the recent increase brings Indicator A to a level of 103.5 ("1999-2000-2001" = 100), after an increase of 4% in 2003 and a significant increase of

7.2% in 2004. For the EU-15 the level of indicator A is 4.1% lower in 2005 than the level recorded for "1999-2000-2001".

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
BE	99.4	100.6	90.1	99.8	104.0	97.4	90.8	103.4	105.8	95.6	93.1	91.3	94.7
CZ	:	:	:	:	:	66.8	55.7	121.1	123.2	68.3	66.4	106.3	110.5
DK	84.5	97.1	113.9	113.3	109.2	84.6	84.3	101.5	114.2	82.8	79.1	95.6	98.6
DE	63.5	68.0	74.1	85.9	88.5	79.5	78.7	98.2	123.2	91.0	85.4	123.2	117.2
EE	:	:	108.2	116.8	116.4	125.6	69.6	104.1	126.2	126.0	179.8	279.3	343.6
EL	89.0	100.2	104.8	99.5	100.0	99.4	99.7	99.4	100.9	96.9	85.9	81.7	78.8
ES	83.0	92.6	92.2	103.5	104.3	100.0	93.8	99.2	107.1	103.8	117.4	117.5	103.4
FR	78.3	90.3	96.5	97.2	99.9	104.4	101.3	99.2	99.4	97.7	97.1	95.5	85.9
IE	93.6	96.5	103.4	102.0	99.7	96.3	90.9	105.3	103.7	98.3	98.1	97.5	110.0
IT	74.7	79.8	87.6	92.6	94.9	94.8	102.3	98.7	99.1	94.9	95.8	95.0	85.9
CY	:	:	:	:	:	:	:	:	:	:	:	:	:
LV	:	:	:	:	:	116.7	86.0	97.6	116.3	120.3	121.1	216.0	228.4
LT	:	:	:	:	126.2	131.5	107.0	100.1	92.9	82.0	96.6	163.4	205.6
LU	94.8	93.1	105.0	108.8	100.0	109.9	103.6	98.7	97.7	100.4	95.0	90.4	89.0
HU	:	:	:	:	:	123.5	106.1	93.8	100.2	85.2	86.0	133.2	107.5
MT	:	:	:	:	:	:	:	:	:	:	:	:	:
NL	100.0	112.7	115.8	111.0	119.8	107.6	100.0	101.1	98.9	85.0	90.7	82.1	86.6
AT	91.8	102.2	107.3	101.1	91.8	90.6	91.4	96.8	111.8	105.8	105.5	103.1	96.2
PL	:	:	:	:	:	108.6	94.0	95.8	110.1	100.5	99.2	193.5	192.5
PT	48.3	64.8	95.2	109.3	93.3	85.7	104.0	89.1	106.9	100.4	106.0	107.8	95.9
SI	:	:	105.6	94.0	108.9	106.6	99.6	107.5	92.9	126.1	96.2	144.8	129.7
SK	:	:	95.1	100.0	102.8	91.2	97.2	94.5	108.3	102.3	88.3	126.1	107.3
FI	96.8	87.0	103.8	85.6	84.7	69.6	87.8	106.7	105.5	104.4	103.1	100.8	101.0
SE	81.7	82.4	98.4	96.4	102.1	104.5	92.0	99.9	108.1	108.2	109.0	106.0	104.3
UK	142.0	150.9	165.2	154.5	119.1	102.3	100.2	96.9	102.9	112.6	134.2	130.1	125.9
EU25	:	:	:	:	:	:	96.0	99.2	104.8	99.2	103.2	110.6	103.5

Table 1: Indices of Indicator A of agricultural income in EU ("1999-2000-2001" = 100)

In order to place the most recent income developments in a medium-term perspective, Indicator A is expressed in index form, with the average of the years 1999, 2000 and 2001 (i.e. "1999-2000-2001") chosen as reference 100.

Member States can be divided into three groups.

- The first group includes those countries for which agricultural income in 2005 is above the level recorded for "1999-2000-2001" (i.e. 100). This group comprises Estonia, Latvia, Lithuania, Poland, Slovenia, the United Kingdom (where the level of agricultural income attained in 2005 is more than 20 index points higher than in "1999-2000-2001"),

Germany, the Czech Republic, Hungary, Slovakia, Sweden and Spain.

- In Finland and Denmark the level of Indicator A in 2005 is almost equal to that of "1999-2000-2001".
- The third group includes the eight other Member States for which agricultural income data are available and where agricultural income in 2005 is below the level recorded for "1999-2000-2001". Within this third group of countries, the sharpest falls are recorded in Greece, Italy, France and the Netherlands.

The development of agricultural income in the United Kingdom is quite different to that of any other Member

State of the European Union. In 1995, Indicator A reached the highest level over the whole period (1973 to 2005). However, sharp declines in the second half of the nineties (reasons being the BSE crisis but also the strengthening of the value of the pound against the Euro) put Indicator A in 2000 at its lowest level since the

accession of the United Kingdom to the European Community in 1973. The strong increase since 2000 is due, to a considerable extent, to higher producer prices for a number of important products.

Decline in overall output due to lower output volumes and prices

With the exception of four northern Member States: Lithuania (+8.3%), Estonia (+6.6%), Latvia (+4.5%) and the Netherlands (+1.2%), the value of the agricultural industry's output in 2005 falls in all Member States (see Table 3.). In particular, there are reductions in the four largest producer countries: France (-4.1%), Italy (-11.6%), Spain (-9.4%) and Germany (-13.6%). In the case of Italy and Germany the decreases are partly due to the changes in the recording of subsidies (for details see the methodological notes).

Output volumes in 2005 are down in all Member States (EU-25: -2.8%) except in Estonia (+8.2%), Latvia (+4%), Lithuania (+2.9%), Finland (+1.8%) and the United Kingdom (+1.0%). In Spain, the volume of overall output falls by 7.6%, and there is a decrease of 3.2% in Germany, 2.9% in France and 1.4% in Italy.

In the EU, average agricultural producer prices are down by 2.2% compared to 2004, but the trend is different from Member State to Member State. Small increases are recorded in Lithuania (+3.4%), Belgium (+2.7%), the Netherlands (+1.0%), Latvia (+1.0%) and Poland (+0.2%). In all the other countries, producer prices are down on the level of the previous year, particularly in Italy (-5.9%), Spain (-2.1%), France (-1.5%) and Germany (-3.8%).

The EU agricultural industry's output is made up almost entirely of agricultural goods (crop and animal products). Agricultural services and the inseparable non-agricultural secondary activities (e.g. agrotourism and processing of agricultural raw products) account for only 6.6% of the output value (at producer prices) and have generally little impact on the development of the income indicators. The following analysis therefore refers to animal and crop products only.

Declining volumes (-5.3%) and reduced producer prices (-2.9%) for crop products


	VOLUME (at producer prices)	PRODUCER PRICE (real)	VALUE (real, at producer prices)	VALUE (real, at basic prices)	Share in EU-25 overall output (producer prices, in 2004)	Major producer countries (share in EU 25 output at producer prices, in 2004)
	2005 / 2004 (%)					
Cereals	-10.7	-8.8	-18.6	-29.1	10.4%	FR (22%) DE (24%) IT (12%)
Oilseeds	-1.4	-4.8	-6.2	-17.3	1.4%	FR (26%) DE (16%) UK (9%)
Sugar beet	-1.4	-2.8	-4.2	-5.9	1.9%	DE (23%) FR (19%) PL (9%)
Fresh vegetables	-1.8	+7.8	+5.9	+5.8	8.3%	ES (24%) IT (22%) FR (11%)
Plants and flowers	+0.4	-1.2	-0.8	-0.8	6.7%	NL (25%) ES (18%) DE (14%)
Potatoes	-7.2	-8.5	-15.1	-15.1	2.3%	UK (14%) DE (14%) FR (14%)
Fruits	-3.1	-7.8	-10.7	-10.7	6.3%	ES (29%) IT (26%) FR (13%)
Wine	-10.4	-11.5	-20.7	-20.7	5.8%	FR (48%) IT (27%) ES (8%)
Olive oil	-16.0	+8.1	-9.2	-8.7	1.8%	ES (42%) IT (37%) GR (20%)
Crop output	-5.3	-2.9	-8.1	-12.2	53.0%	FR (20%) IT (17%) ES (16%)
Cattle	-1.0	+3.0	+2.0	-7.8	7.8%	FR (27%) IT (14%) DE (12%)
Pigs	+0.3	-1.4	-1.2	-1.2	9.4%	DE (20%) ES (15%) FR (10%)
Sheep and goats	+0.6	-3.4	-2.8	-14.0	1.7%	ES (27%) UK (25%) GR (14%)
Poultry	+0.1	-3.8	-3.8	-4.0	4.4%	FR (23%) IT (14%) UK (14%)
Milk	+0.4	-2.5	-2.1	-2.4	13.9%	DE (20%) FR (18%) IT (10%)
Eggs	-0.9	-9.4	-10.2	-10.2	1.8%	ES (17%) IT (16%) UK (12%)
Animal output	-0.1	-1.7	-1.7	-4.5	40.7%	FR (18%) DE (16%) IT (12%)

Table 2: Development of main crop and animal products in the EU-25

The development in the value of the EU crop output in 2005 (-12.2 %), is partly the result of the changes in the recording of subsidies (see the methodological notes) and partly of lower output values for cereals (-29.1 %), wine (-20.7 %), oilseeds (-17.3 %) and potatoes (-15.1 %).

Cereals are the second most important product (group), after milk, in EU agriculture. Unfavourable weather conditions in some Member States in 2005 has led to a decrease in the output volume of cereals. This decrease is particularly pronounced in Spain (-42.0 %) and Portugal (-39.0 %), Ireland (-24.4%). On average, in the EU the overall output volume of cereals falls by 10.7%

compared to 2004. Volume decreases are observed for every type of cereal, though those for rice, triticale and maize are less pronounced than for rye, barley, oats and soft wheat. In most of the Member States, producer prices are still depressed as a result of the strong harvest in 2004. On average, the EU producer price for cereals is 8.8% lower than in 2004.

For wine, the volume of EU output is expected to fall in 2005, by 10.4%. France, which produces about half of EU wine, records a decrease of almost 9.7%, following a significant increase in 2004. Other important wine producer Member States such as Spain and Portugal record decreases over 20%. There are also significant decreases in the other characteristic product of the Southern Member States: olive oil output volume falls in 2005 by 16%.

There are also decreases in the output volume of potatoes (-7.2%), forage plants (-3.6%), fruits (-3.1%), industrial crops (-2.3%), and vegetables and horticultural products (-0.8%). Producer prices for fruits (-7.8%) and industrial crops (-4.1%) are lower despite the decrease in their volume, while prices for olive oil (+8.1%), horticultural products (+3.8%) and forage plants (+2.2%) are higher than in 2004.

The value of animal output (i.e. both animals and animal products) in the EU is down by 4.5% compared to 2004. This decline is partly the result of changes in the recording of subsidies (see methodological notes, p.7) and partly the result of (price-led) falls in the output values of eggs (-10.2%) and poultry (-4.0 %).

EU pig production increases slightly in 2005 (output volume: +0.3%), with increases in eleven Member

States. Production volumes increase in three of the five major producer countries: Germany (+3.0%), Denmark (+1.0%) and Spain (+0.4%). Output volumes decrease in Italy (-3.7%) and France (-1.0%). At the same time, average producer prices for pigs are down in the EU-25 (-1.4%).

EU poultry production has remained at the level of 2004 (output volume: +0.1%), with substantial volume increases in some of the new Member States, particularly Poland (+14.1%), Latvia (+14.4%), Lithuania (+14.0%). In France and Italy, the output volumes are down slightly. At the same time, the producer prices for poultry are down in all Member States, with the exception of Estonia, Spain, and the Benelux countries.

The output volume of milk, the most important product of EU agriculture, is slightly higher than in 2004 (EU: +0.4%). The producer prices for milk, in contrast, are down in most of the Member States, except in Lithuania (+26.6%), Latvia (+13.1%), Slovakia (+3.6%), Poland (+3.3%) and Greece (+0.5%). The major producer countries of milk (Germany, France, Italy, the United Kingdom and Spain) record decreases of 3-4% in prices.

For cattle, the volume of output in 2005 is slightly lower than in 2004 (EU: -1.0%). Prices, however, continue to recover; on average they are up by 3.0%, following increases in the previous three years. Of the major cattle producer countries, Germany and France record higher prices (+12.3% and +2.5% respectively). Prices remain stable in Italy and Spain, but are lower in the United Kingdom (-2.1%).

Reduced intermediate consumption (-1.6%) and labour input (-2.3%)

Value of intermediate consumption lower than in 2004

Mainly the decrease in the prices of inputs of agricultural origin (-6.8% for feeding stuffs and -3.1% for seeds and planting stocks) lies behind the decrease in the value of intermediate consumption in 2005 (EU: -1.6%). Prices of all other inputs (except plant protection products) increase, particularly for energy and lubricants (+11.1%) and fertilisers (+4.9%). The slightly lower volume of input use (EU: -0.5%) is due to the declining use of fertilisers (-2.5%), seeds and planting stocks (-2.1%), plant protection products (-1.4%), and energy products (-0.9%).

Volume of value added is below previous year's level

In the EU as a whole, the volume of value added decreases by 9.3%.

Changes in the recording of agricultural subsidies in some Member States distort the comparison of levels of value added. For details, see methodological notes, p.7.

With overall output 8.4% below its 2004 level and despite the decrease in the value of intermediate

consumption of 1.6%, agricultural gross value added at basic prices is 15.0% lower than in 2004. Consumption of fixed capital is slightly lower (-0.3%) than in 2004. EU agricultural net value added at basic prices is therefore down by 20.2%.

Decline in agricultural factor income in 2005

Agricultural factor income (i.e. net value added at factor cost), the basis of Indicator A, is obtained by adding the other subsidies on production (less other taxes on production) to net value added at basic prices.

The value of overall subsidies (product specific subsidies and other subsidies on production net of taxes) shows an increase of 0.9%.

EU agricultural factor income in 2005 is 8.7% lower than in 2004. Increases are recorded only in Northern Member States: Estonia (+21.1%), Lithuania (+19.6%), Ireland (+12.8%), the Netherlands (+3.9%), Latvia (+2.3%) and Belgium (+0.4%). The greatest decreases are measured in Hungary (-20.5%), Slovakia (-16.5%), Portugal (-14.9%), France (-11.6%) and Italy (-11.4%).

Total agricultural labour input continues to fall in all Member States, with the exception of Luxembourg, Ireland and Slovenia. The strongest falls are estimated for the Czech Republic (-8.5%), Lithuania (-5%) and Portugal (-4.4%). Overall, EU agricultural labour input is down by 2.3%.

In the EU, the decrease in the agricultural factor income (-8.7 %) is mitigated by the decline in agricultural labour input (-2.3 %), so that the Indicator A of agricultural income falls by 6.6%.

Development of Income Indicator C

Interest paid (net of interest received) is slightly higher in 2005 than in 2004 (+0.2%), and there is a slight increase in the compensation of employees (+1.4%). Rental payments increase moderately (+0.5%). As a result of these developments, the EU net entrepreneurial income (in other words, the Indicator C of agricultural income) is 14.3% lower than in 2004.

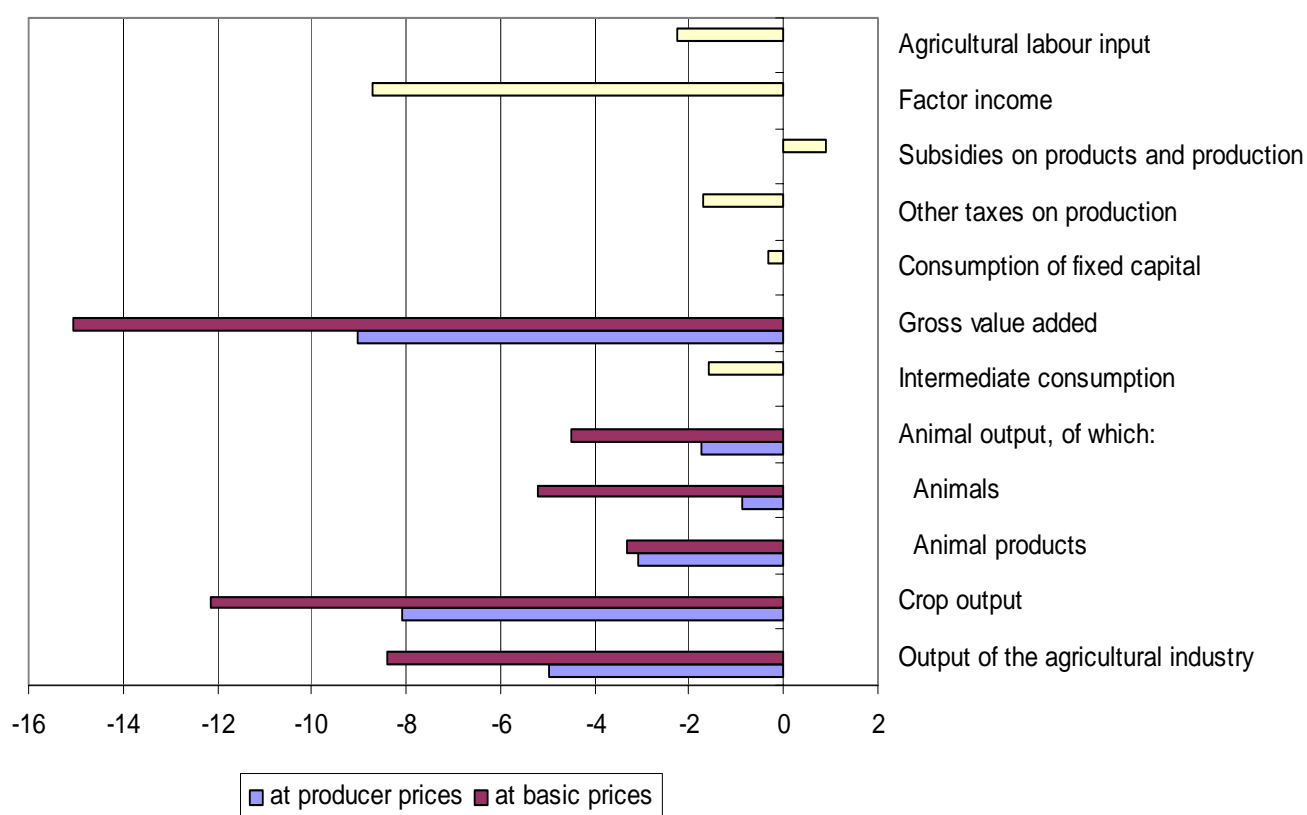


Figure 2: Main components of agricultural income in EU-25, %, 2005/2004

Values in real terms (i.e. deflated)	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
OUTPUT OF THE AGRICULTURAL 'INDUSTRY'	-8.4	-2.1	-10.8	-11.5	-13.6	+6.6	-2.3	-9.4	-4.1	-13.4	-11.6	:	+4.5
CROP OUTPUT	-12.2	-1.8	-15.2	-22.5	-21.4	+17.5	-2.6	-12.7	-7.2	-14.3	-13.8	:	+0.8
ANIMAL OUTPUT	-4.5	-2.4	-7.6	-5.3	-5.7	+1.6	-2.5	-2.6	-0.1	-13.7	-8.6	:	+8.9
ANIMALS	-5.2	-1.7	-13.8	-3.5	-6.8	+2.6	-2.1	-0.7	-1.0	-14.4	-10.5	:	+8.2
ANIMAL PRODUCTS	-3.3	-4.4	-0.6	-9.2	-4.3	+0.9	-3.2	-8.3	+1.5	-12.2	-5.3	:	+9.3
- INTERMEDIATE CONSUMPTION	-1.6	-1.1	-4.2	-3.0	-0.8	+1.8	+3.0	-2.4	+0.1	-3.4	-4.0	:	+7.4
= GROSS VALUE ADDED AT BASIC PRICES	-15.0	-3.7	-23.3	-25.0	-30.3	+13.2	-4.9	-13.1	-8.6	-26.1	-15.5	:	+0.2
- CONSUMPTION OF FIXED CAPITAL	-0.3	-1.0	-2.0	-2.2	-1.0	+4.4	-0.6	+0.6	+1.6	-1.4	-0.4	:	+14.8
- OTHER TAXES ON PRODUCTION	-1.7	-6.7	+14.7	-10.1	-0.6	-2.0	+3.2	-0.8	-2.0	-8.6	-1.6	:	+11.1
+ OTHER SUBSIDIES ON PRODUCTION (a)	+87.3	+44.1	+114.3	+594.2	+307.5	+35.9	+12.6	-6.8	+11.8	+152.8	+139.5	:	+17.0
= FACTOR INCOME (1)	-8.7	+0.4	-4.9	-0.0	-7.6	+21.1	-4.6	-14.3	-11.6	+12.8	-11.4	:	+2.3
AGRICULTURAL LABOUR INPUT (2)	-2.3	-3.2	-8.5	-3.0	-2.9	-1.6	-1.1	-2.6	-1.7	+0.0	-2.0	:	-3.2
INDICATOR A (1)/(2)	-6.6	+3.7	+4.0	+3.1	-4.9	+23.0	-3.6	-12.0	-10.1	+12.8	-9.6	:	+5.7
Indicator A, Indices in 2005 (2000"=100)	+103.5	+94.7	+110.5	+98.6	+117.2	+343.6	+78.8	+103.4	+85.9	+110.0	+85.9	:	+228.4

Values in real terms (i.e. deflated)	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
OUTPUT OF THE AGRICULTURAL 'INDUSTRY'	+8.3	-11.6	-12.1	:	+1.2	-9.7	-2.6	-9.6	-6.1	-11.2	-2.3	-11.6	-16.2
CROP OUTPUT	+4.3	-14.4	-16.4	:	+1.5	-19.6	-8.9	-16.9	-6.5	-18.2	+1.6	-20.3	-22.7
ANIMAL OUTPUT	+13.5	-10.1	-6.3	:	+1.4	-1.7	+4.1	+0.9	-5.9	-9.9	-6.5	-5.8	-14.9
ANIMALS	+2.0	-11.5	-6.2	:	+2.0	-3.1	+5.0	+0.9	+0.4	-13.7	-4.8	-9.7	-18.3
ANIMAL PRODUCTS	+23.2	-8.8	-6.5	:	+0.8	+0.4	+2.8	+0.8	-17.1	-5.0	-7.6	-2.4	-8.4
- INTERMEDIATE CONSUMPTION	+3.4	+0.9	-8.7	:	-0.2	-1.5	-2.1	-4.3	-5.1	-8.5	+1.4	-0.7	-2.4
= GROSS VALUE ADDED AT BASIC PRICES	+16.4	-26.1	-17.5	:	+3.4	-18.6	-3.3	-15.9	-7.4	-17.0	-9.8	-33.8	-32.2
- CONSUMPTION OF FIXED CAPITAL	+8.3	-1.1	+1.1	:	+0.2	+0.8	-11.1	-1.1	-0.0	-7.0	+4.9	-1.1	-2.2
- OTHER TAXES ON PRODUCTION	-3.1	-1.6	-3.2	:	-1.0	+13.3	-11.1	+1.8	-	-12.5	-	-	-3.3
+ OTHER SUBSIDIES ON PRODUCTION	+23.2	+112.8	-3.2	:	-17.6	+29.3	-12.9	+21.7	-2.4	+16.4	+11.0	+120.7	+369.2
= FACTOR INCOME (1)	+19.6	-0.9	-20.5	:	+3.9	-7.4	-2.7	-14.9	-10.4	-16.5	-2.4	-2.9	-4.9
AGRICULTURAL LABOUR INPUT (2)	-5.0	+0.7	-1.5	:	-1.5	-0.7	-2.2	-4.4	+0.0	-1.8	-2.5	-1.4	-1.8
INDICATOR A (1)/(2)	+25.9	-1.6	-19.3	:	+5.4	-6.8	-0.5	-11.0	-10.4	-14.9	+0.1	-1.5	-3.2
Indicator A, Indices in 2005 (2000"=100)	+205.6	+89.0	+107.5	:	+86.6	+96.2	+192.5	+95.9	+129.7	+107.3	+101.0	+104.3	+125.9

Table 3: Main components of the agricultural income in the EU-25, % 2005/2004

(a) See methodological notes for changes in recording of subsidies

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

The estimates for the Economic Accounts for Agriculture (EAA) published in this Statistics in Focus are provisional. The results have been compiled by the national authorities in the Member States of the European Union, in accordance with the methodology of the EAA (which is close to the methodology of the national accounts, ESA95, but incorporates a number of changes to take account of the special features of the agricultural economy).

Technical notes:

1. The data measured in real terms are obtained by deflating the corresponding nominal data with the implicit price index of gross domestic product (GDP) at market prices.
2. The aggregates measured in real terms for the European Union as a whole are obtained by first deflating the nominal values (at current prices) recorded in the various Member States, by applying the implicit price index of GDP of the country concerned, and then converting them into Euro (at 2000 exchange rates for long-term analysis and at those of the year 2004 for the short-term analysis). The results are then added up so as to obtain the real values for the European Union. It is on the basis of these aggregates in real terms that the developments for the European Union are calculated, which means that an "EU deflator" is never explicitly used.
3. In order to take account of part-time and seasonal work, agricultural labour or changes therein are measured in annual work units (AWU). One AWU corresponds to the input, measured in working time, of one person engaged in agricultural activities in an agricultural unit on a full-time basis over an entire year.

What is agricultural income?

The income indicators relate to the income generated by agricultural activities (as well as inseparable non-agricultural, secondary activities) over a given accounting period, even though in certain cases the corresponding revenues will not be received until a later date. It does not, therefore, constitute the income effectively received in the course of the accounting period itself. Moreover, they are not indicators of total income or of the disposable income of farming

households; in addition to their purely agricultural income, households often receive income from other sources (non-agricultural activities, salaries, social benefits, income from property). In other words, agricultural income must not be regarded as the income of agricultural households.

In the present context, emphasis is laid on the Indicator A of agricultural income. Its development is presented as indices. It is defined as follows:

Indicator A: Index of the real income of factors in agriculture, per annual work unit

This indicator corresponds to the real (i.e. deflated) net value added at factor cost of agriculture, per total annual work unit. Net value added at factor cost is calculated by subtracting from the value of agricultural output at basic prices the value of intermediate consumption, the consumption of fixed capital, and adding the value of the (other) subsidies less taxes on production.

Indicator C: Index of the real net entrepreneurial income from agriculture.

Changes in recording of subsidies

The implementation of Single Farm Payment (SFP) in the framework of the recent CAP reform has started in several Member States in 2005. Since the Member States do not apply the SFP system in exactly the same way, the comparisons of output values at basic prices, values of subsidies and value added between Member States and time periods (particularly 2004 and 2005) are limited. In general, the implementation of the SFP result in the drop of basic price output values and in the increase of other subsidies on production, while values at producer prices and the Income indicator A are not affected by this change.

FURTHER READING

Regulation (EC) No 138/2004 of the European Parliament and of the Council on the Economic Accounts for Agriculture in the Community (OJ L33, 5.2.2004).

Further information:

Databases

[EUROSTAT Website/Agriculture, forestry and fisheries/Agriculture/Economic accounts for agriculture and forestry/Economic Accounts for Agriculture/Long series : Values at current prices](#)

[EUROSTAT Website/Agriculture, forestry and fisheries/Agriculture/Economic accounts for agriculture and forestry/Economic Accounts for Agriculture/Long series : Values at n-1 prices](#)

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L - 2920 Luxembourg

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Fax (352) 4301 35349

E-mail: eurostat-mediasupport@cec.eu.int

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